

NATIONAL RECOVERY ADMINISTRATION

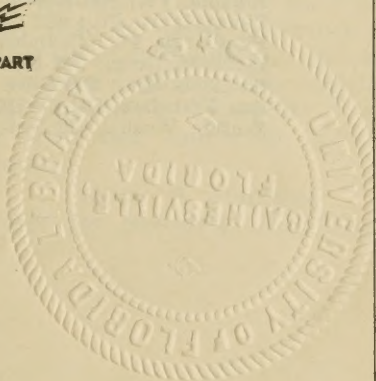
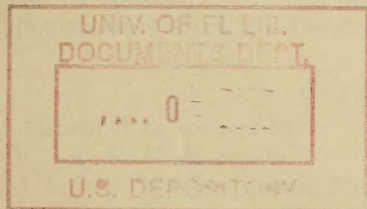
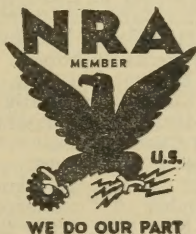
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CODE OF FAIR COMPETITION

FOR THE

ROOFING GRANULE  
MANUFACTURING AND  
DISTRIBUTING INDUSTRY

AS APPROVED ON MARCH 31, 1934

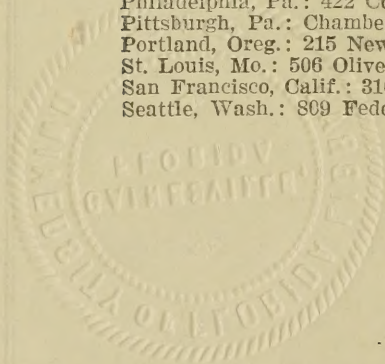


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Approved Code No. 375

**CODE OF FAIR COMPETITION**

FOR THE

**ROOFING GRANULE MANUFACTURING AND  
DISTRIBUTING INDUSTRY**

As Approved on March 31, 1934

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**ORDER**

**APPROVING CODE OF FAIR COMPETITION FOR THE ROOFING GRANULE  
MANUFACTURING AND DISTRIBUTING INDUSTRY**

An application having been duly made pursuant to and in full compliance with the provisions of Title I of the National Industrial Recovery Act, approved June 16, 1933, for approval of a Code of Fair Competition for the Roofing Granule Manufacturing and Distributing Industry, and hearings having been duly held thereon and the annexed report on said Code, containing findings with respect thereto, having been made and directed to the President:

NOW, THEREFORE, on behalf of the President of the United States, I, Hugh S. Johnson, Administrator for Industrial Recovery, pursuant to authority vested in me by Executive Orders of the President, including Executive Order No. 6543-A, dated December 30, 1933, and otherwise; do hereby incorporate by reference said annexed report and do find that said Code complies in all respects with the pertinent provisions and will promote the policy and purposes of said Title of said Act; and do hereby order that said Code of Fair Competition be and it is hereby approved.

HUGH S. JOHNSON,  
*Administrator for Industrial Recovery.*

Approval recommended.

A. R. GLANCY,  
*Division Administrator.*

WASHINGTON, D.C.,  
*March 31, 1934.*

## REPORT TO THE PRESIDENT

The President.

*The White House.*

SIR: This is a report on the Code of Fair Competition for the Roofing Granule Manufacturing and Distributing Industry, as revised after a public hearing conducted in Washington, D.C., on December 19, 1933, in accordance with the provisions of Title I of the National Industrial Recovery Act.

### PROVISIONS AS TO HOURS AND WAGES

Employees are not permitted to work more than forty hours per week or eight hours per day, except as otherwise provided.

Hourly limitations do not apply to employees engaged in chemical control, managers, executives or supervisors, who receive more than thirty-five dollars per week; or to outside salesmen or custodians of closed plants.

Hourly limitations do not apply to employees engaged in emergency work involving breakdowns or the protection of life or property, provided one and one-half times the normal rate is paid for hours worked in excess of forty per week or eight per day.

To meet peak production periods, employees are permitted to work fifty hours in excess of their normal maximum during any half calendar year, provided one and one-half times the normal rate is paid for hours worked in excess of forty per week or eight per day.

Watchmen are permitted to work fifty-six hours per week.

The maximum hours permitted employees engaged in continuous kiln processes are forty-eight per week or nine and one-half per day. During the absence of a schedule relief worker, however, these employees are permitted to work eight additional hours per week provided the working hours for any four-week period do not exceed one hundred and ninety-two and provided that one and one-half times the normal rate is paid for all hours worked in excess of the normal number.

Employees are not permitted to work more than six days out of any seven.

The minimum hourly rate for all employees, except office and sales employees, shall be thirty-seven and one-half cents in the North and thirty-two and one-half cents in the South.

Office, service or sales employees shall receive a minimum rate of fifteen dollars per week except that office boys and girls, not exceeding five percent of an employer's total number, may be paid not less than eighty percent of the minimum.

Regardless of whether an employee is compensated on a time rate, piece work or other basis, a minimum rate of pay is established.

Compensation of employees receiving more than the minimum shall be equitably adjusted and reported to the Code Authority but in no event shall rates of pay be reduced.

Female employees performing substantially the same work as male employees shall receive the same rate of pay as male employees.

No one under sixteen years of age shall be employed in the industry nor anyone under eighteen years of age in manufacturing or mining operations.

#### ECONOMIC EFFECTS OF THE CODE

Since the industry product is a building material, the present demand is required for replacements rather than for new residential construction.

The forty-hour weekly maximum provided by this Code will eliminate the fifty-five and sixty-hour work weeks which prevailed in 1929. The flexibility which the Code permits is necessary because eighty percent of the employees' work is done out of doors.

The majority of the Industry's employees are unskilled laborers who will be beneficially affected by the hourly minimum of thirty-two and one-half cents in the South. This will more than restore 1929 equivalent earnings. The minimum hourly rate of thirty-seven and one-half cents in the North will practically restore 1929 equivalent wages.

#### FINDINGS

The Assistant Deputy Administrator in his final report to me on said Code, having found as herein set forth and on the basis of all the proceedings in this matter;

I find that:

(a) Said Code is well designed to promote the policies and purposes of Title I of the National Industrial Recovery Act, including removal of obstructions to the free flow of interstate and foreign commerce which tend to diminish the amount thereof and will provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among the trade groups, by inducing and maintaining united action of labor and management under adequate governmental sanctions and supervision, by eliminating unfair competitive practices, by promoting the fullest possible utilization of the present productive capacity of industries, by avoiding undue restriction of production (except as may be temporarily required), by increasing the consumption of industrial and agricultural products through increasing purchasing power, by reducing and relieving unemployment, by improving standards of labor, and by otherwise rehabilitating industry.

(b) Said Industry normally employs not more than 50,000 employees; and is not classified by me as a major industry.

(c) The Code as approved complies in all respects with the pertinent provisions of said Title of said Act, including without limitation Subsection (a) of Section 3, Subsection (a) of Section 7, and Subsection (b) of Section 10 thereof; and that the applicant association is an industrial association truly representative of the afore-

said Industry; and that said association imposes no inequitable restrictions on admission to membership therein.

(d) The Code is not designed to and will not permit monopolies or monopolistic practices.

(e) The Code is not designed to and will not eliminate or oppress small enterprises and will not operate to discriminate against them.

(f) Those engaged in other steps of the economic process have not been deprived of the right to be heard prior to approval of said Code.

For these reasons, therefore, I have approved this Code.

Respectfully,

HUGH S. JOHNSON,  
*Administrator.*

MARCH 31, 1934.

# CODE OF FAIR COMPETITION FOR THE ROOFING GRANULE MANUFACTURING AND DISTRIBUTING INDUSTRY

## ARTICLE I—PURPOSES

To effectuate the policies of Title I of the National Industrial Recovery Act, the following provisions are established as the Code of Fair Competition for the Roofing Granule Manufacturing and Distributing Industry, and shall be the standard of fair competition for this Industry, and shall be binding upon every member thereof.

## ARTICLE II—DEFINITIONS

SECTION 1. The term "Industry" as used herein includes the mining, manufacturing, selling and/or distributing by a member of the Industry, of the products of the Roofing Granule Manufacturing Industry, as such products are herein defined.

SECTION 2. The term "employee" as used herein includes all persons engaged in the Industry, however compensated, except a member of the Industry.

SECTION 3. The term "employer" as used herein includes anyone in the Industry by whom any such employee is compensated or employed.

SECTION 4. The term "member of the Industry" includes anyone engaged in the Industry as above defined, either as an employer or on his own behalf.

SECTION 5. The term "member of the Code" as used herein includes any member of the Industry who shall expressly signify assent to this Code.

SECTION 6. The term "products" as used herein means and includes all granules and/or fines used for roofing purposes, regardless of methods of grinding, crushing, coloring, or otherwise preparing slate, stone, quartz, clay, or other base material of such granules and/or fines for roofing purposes.

SECTION 7. The term "Association" as used herein means the Roofing Granule Manufacturers Association.

SECTION 8. The terms "President", "Act", and "Administrator" as used herein shall mean, respectively, the President of the United States, Title I of the National Industrial Recovery Act, and the Administrator for Industrial Recovery under said Act.

SECTION 9. The term "Southern Section" as used herein means the States of Alabama, Arizona, Arkansas, Florida, Georgia, Louisiana, Mississippi, New Mexico, South Carolina, Tennessee, Texas, and Virginia.

SECTION 10. The term "Northern Section" as used herein means all of the states north and west of the states enumerated in Section 9 hereof.

## ARTICLE III—HOURS

SECTION 1. No employees shall be permitted to work in excess of forty (40) hours in any week, or eight hours in any twenty-four (24) hour period, with the exceptions specifically provided in this Article:

(a) The maximum limitations on hours and days in this Article III shall not apply to employees engaged in chemical control, executive, managerial or supervisory work who receive compensation exceeding thirty-five (35) dollars per week, or outside salesmen. Employees engaged in emergency work involving breakdowns or the protection of life or property who may be permitted to work hours in excess of the maximum provided in Section 1, but in any such special case at least one and one-half ( $1\frac{1}{2}$ ) times the normal rate shall be paid for hours worked in such excess.

(b) Employees engaged solely as custodians at plants not operating.

(c) Employees engaged as watchmen shall be permitted to work a maximum of fifty-six (56) hours in any week.

(d) Employees engaged in continuous kiln-drying and kiln-burning processes shall be permitted to work not more than forty-eight (48) hours in any week, or nine and one-half ( $9\frac{1}{2}$ ) hours per day except that when a scheduled relief worker is not available, such employees may be permitted to work eight hours in excess of such maximum weekly limit, provided they are paid at least one and one-half ( $1\frac{1}{2}$ ) times their normal rate for such extra hours and that such overtime is reported to the Code Authority and provided further that such employees shall not be permitted to work in excess of one hundred and ninety-two (192) hours in any four-weeks period.

SECTION 2. (a) During periods of seasonal requirements employees shall be permitted to work in excess of forty (40) hours in any week or eight hours in any twenty-four (24) hour period, provided that no employee shall be permitted to work in excess of fifty (50) hours of overtime during either semi-annual period, January 1st to June 30th or July 1st to December 31st, inclusive; and provided further that all such overtime, above forty (40) hours per week or eight hours per day, be compensated by at least one and one-half ( $1\frac{1}{2}$ ) times the normal rate; and provided further that all such overtime shall be reported to the Code Authority at the expiration of each six (6) months period.

SECTION 3. No employer shall knowingly permit any employee to work for one or more employers in this Industry for a total number of hours or days exceeding the foregoing limitations.

SECTION 4. No employee shall be permitted to work in excess of six days in any seven day period.

## ARTICLE IV—WAGES

SECTION 1. No employee shall be paid at less than the hourly rate of

(a) Thirty-two and one-half ( $32\frac{1}{2}$ ) cents per hour in the Southern Section.

(b) Thirty-seven and one-half ( $37\frac{1}{2}$ ) cents per hour in the Northern Section.

SECTION 2. No office, clerical, accounting, service or sales employee shall be paid at less than the minimum rate of fifteen (15) dollars per week, except that office boys and girls may be permitted to work for not less than eighty (80) percent of the above minimum wage; provided, however, that the total number of such employees shall not exceed five percent of an employer's total number of office employees; and further provided that each employer shall be permitted at least one such junior employee.

SECTION 3. This Article establishes a minimum rate of pay regardless of whether an employee is compensated on a time rate, piece-work, or other basis.

SECTION 4. Equitable adjustment of compensation of employees receiving more than the minimum rates of pay herein prescribed shall be made by all employers who have not heretofore made such adjustments, and all employers shall within sixty (60) days after approval of this Code, or within such further time as may be allowed by the Administrator report in full to the Code Authority concerning such adjustments whether made prior to or subsequent to such approval, provided, however, that in no event shall hourly rates of pay be reduced.

SECTION 5. Female employees performing the same work as male employees shall receive the same rate of pay as male employees.

#### ARTICLE V—GENERAL LABOR PROVISIONS

SECTION 1. No person under sixteen (16) years of age shall be employed in the Industry, nor anyone under eighteen (18) years of age in manufacturing or mining operations. In any State an employer shall be deemed to have complied with this provision if he shall have on file a certificate duly issued by the authority empowered to issue employment certificates showing that the employee is of the age required.

SECTION 2. Every employer shall provide for the safety and health of his employees at the place and during the hours of their employment. Standards for safety and health shall be submitted by the Code Authority to the Administrator within six months after the effective date of this Code.

SECTION 3. Employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection.

SECTION 4. No employee and no one seeking employment shall be required as a condition of employment to join any company union, or to refrain from joining, organizing, or assisting a labor organization of his own choosing.

SECTION 5. Employers shall comply with the maximum hours of labor, minimum rates of pay and other conditions of employment approved or prescribed by the President.

SECTION 6. Within each State this Code shall not supersede any Federal or State laws imposing more stringent requirements on employers regulating the age of employees, wages, hours of work, safety or health, fire or general working conditions than under this Code.

SECTION 7. Employers shall not reclassify employees or duties of occupations performed by employees or engage in any other subterfuge so as to defeat the purposes of the Act or of this Code.

SECTION 8. Official copies of labor provisions of this Code shall be kept conspicuously posted at all times in each shop, establishment, or separate unit, where easily accessible to all employees.

SECTION 9. A person whose earning capacity is limited because of age or physical or mental handicap may be employed on light work at a wage below the minimum wage established by this Code if the employer obtains from the State authority designated by the United States Department of Labor a certificate authorizing his employment at such wages as may be stated in the certificate. Such authority shall be guided by instructions of the United States Department of Labor in issuing certificates to such persons. Each employer shall file with the Code Authority a list of such persons employed by him. Such employees shall not constitute more than five percent of any employer's total number of plant employees.

SECTION 10. An employer shall make payment of all wages due in lawful currency or by negotiable check therefor, payable on demand. Wages shall be paid at regular intervals. These wages shall be exempt from any payments for pensions, insurance, or sick benefits other than those voluntarily paid by the wage earners or those deductions required by law. The employer or his agents shall accept no rebates directly or indirectly on such wages nor give anything of value or extend favors to any persons for the purpose of influencing rates of wages or the working conditions of his employees.

SECTION 11. An employer shall so administer work in his charge as to provide a maximum practicable continuity of employment for his personnel.

#### ARTICLE VI—ADMINISTRATION

SECTION 1. To further effectuate the policies of the Act, a Code Authority is hereby constituted to cooperate with the Administrator in the administration of this Code.

SECTION 2. (a) The Code Authority shall consist of five individuals. In addition there may be not more than three members, without vote and without cost to the Industry, appointed by the Administrator to serve for such periods as he may designate.

(b) If, in any case, by reason of conditions peculiar to the Industry, selection by the Industry of members of the Code Authority representing the Industry is impossible, they may be appointed by the President or his agent.

SECTION 3. All voting members of the Code Authority shall be elected from the Industry in a fair and equitable manner subject to the approval of the Administrator. The Association is hereby designated as the agency to conduct such election. In order for any election of the Code Authority to be valid, it shall be necessary that at least two-thirds of the members of the Code cast a vote at such election.

SECTION 4. The Association shall (1) impose no inequitable restrictions on membership and (2) submit to the Administrator true copies of its articles of association (which also constitute its by-laws), regulations, and any amendments when made thereto, together with such other information as to membership, organization, and activities as the Administrator may deem necessary to effectuate the purpose of the Act.

SECTION 5. In order that the Code Authority shall at all times be truly representative of the Industry and in other respects comply with the provisions of the Act, the Administrator may provide such hearings as he may deem proper; and thereafter if he shall find that the Code Authority is not truly representative or does not in other respects comply with the provisions of the Act, may require an appropriate modification in the method of selection of the Code Authority; provided, that no such modification shall permit anyone not a member of the Industry to become a voting member of the Code Authority.

SECTION 6. The Code Authority may adopt its own by-laws, regulations and rules of procedure; it may delegate its authority to such agencies or committees as it may select.

SECTION 7. The Code Authority shall be responsible for all authorized acts of its appointed agencies or committees.

SECTION 8. With a view to keeping the President and the members of the Industry informed as to the observance or non-observance of the Code, and as to whether the members of the Industry are taking appropriate steps to effectuate the declared policy of the Act, the Code Authority shall report to the Administrator upon his request concerning conditions in the Industry and each member of the Industry shall file with the Code Authority reports with respect to wages, hours of labor, conditions of employment, number of employees, and other matters.

SECTION 9. Members of the Industry shall be entitled to participate in and share the benefits of the activities of the Code Authority and to participate in the selection of the members thereof by expressly signifying assent to the Code and sustaining their reasonable share of the expenses of administration. The reasonable share of the expenses of administration shall be determined by the Code Authority, subject to disapproval by the Administrator, on the basis of volume of business and other equitable factors.

SECTION 10. All confidential information of any nature which may be requested by the Code Authority shall be collected through an agency selected by the Code Authority and such information shall be kept confidential by the agency, except when required by the Code Authority for the proper administration of the Code, and with the further exception that all such information shall be fully available to the Administrator at all times. Collusion by any Industry member with any confidential agency of the Code Authority shall constitute a violation of this Code.

SECTION 11. The Code Authority may hear complaints and attempt to adjust the same under such rules and regulations as may be prescribed by the Administrator.

SECTION 12. Nothing contained in this Code shall constitute the members of the Code Authority partners for any purpose nor shall

any member of the Code Authority be liable in any manner to anyone for any act of any other member, officer, agent, or employee of the Code Authority, nor shall any member of the Code Authority, exercising reasonable diligence in the conduct of his duties hereunder, be liable to anyone for any action or omission to act under this Code, except for his own willful misfeasance or non-feasance.

SECTION 13. Any interested party shall have the right of complaint to the Code Authority and a prompt hearing and decision thereon, under such rules and regulations as it shall prescribe, in respect to any act of any agency designated by the Code Authority to act in its behalf.

SECTION 14. Any interested party shall have the right to appeal to the Administrator, under such rules and regulations as he may prescribe, with respect to any decision, rule, regulation, order, or finding made by the Code Authority.

SECTION 15. In addition to information required to be submitted to the Code Authority, all or any of the persons subject to this Code shall furnish such statistical information as the Administrator may deem necessary for the purposes recited in Section 3 (a) of said Act to such Government agencies as the Administrator may designate; nor shall anything in this Code, relieve any persons of any existing obligation to furnish reports to Government agencies.

SECTION 16. The Code Authority shall have the power to make recommendations as to modification or amendment of this Code to the Administrator, which modification or amendment shall become effective as part of this Code upon approval by the Administrator after such notice and hearing as he may specify.

SECTION 17. If the Administrator shall determine that any action of the Code Authority or any agency thereof may be unfair or unjust or contrary to the public interest, the Administrator may require that such action be suspended to afford an opportunity for investigation of the merits of such action and further consideration by such Code Authority or agency pending final action, which shall not be effective unless the Administrator approves or unless he shall fail to disapprove after thirty (30) days' notice to him of intention to proceed with such action in its original or modified form.

## ARTICLE VII—PUBLICITY OF PRICES, TERMS, AND CONDITIONS OF SALE

SECTION 1. Each member of the Industry shall within ten (10) days after the effective date hereof file with the Code Authority printed price lists showing current prices, discounts, terms of payment, freight allowances, etc., on all industry products and the Code Authority shall immediately send copies thereof to all members of the Industry. Prices may be revised from time to time thereafter by filing with the Code Authority copies of revised price lists. All price lists shall become effective when filed with the Code Authority and shall be available to all interested parties. At the same time that copies of price lists are sent to the Code Authority, each member of the Industry shall mail copies of his price lists and revisions thereof to all his customers.

SECTION 2. If at anytime hereafter the Administrator shall give his approval to the requirement that subsequent changes or revisions

of any price lists or terms or conditions of sale as provided in Section 1 hereof shall be filed a specific period of time prior to the effective date thereof, the Code Authority may provide that all changes in such price lists or terms or conditions of sale or revision thereof thereafter filed shall be published or filed five days prior to the effective day of any such subsequent changes or revision. Such price lists or schedules and terms and conditions of sale, and changes or revisions thereof as aforesaid so filed, shall for the purpose of this Code be treated as the published price lists or schedules and terms and conditions of sale of the member filing the same, and shall be available to each member of the Industry and after the effective date thereof to such of the trade as to which the same may be applicable. The Code Authority shall promptly cause a copy of all such price lists and terms and conditions of sale, and all changes therein or revisions thereof, to be sent to each member of the Industry. In the event that any Industry member shall not receive sufficient notice of the filing by any other Industry member of changes in such other member's prices or terms and conditions of sale as will enable such member to meet such changes on the effective date thereof, such member may file with the Code Authority such changes in such member's prices or terms and conditions of sale as may be required to meet the changes filed by such other member. Changes so filed by such member shall become effective on the same date as the effective date for the changes of such other member first filing as aforesaid, or, if those changes shall have already become effective, then the changes subsequently filed as aforesaid, shall become effective immediately.

SECTION 3. No member of the Industry shall sell directly or indirectly any product of the Industry at a lower price or at discounts greater or on more favorable terms of payment than those provided in his current price lists, filed in accordance with the foregoing provisions.

SECTION 4. When a member of the Industry offers to sell and/or sells non-industry and industry products together to the same customer he shall quote and/or invoice separate prices on industry and non-industry products, and the combined lump sum price shall not be less than the sum of the current market prices of the separate products.

SECTION 5. No member of the Industry shall give or accept secret payment or allowance of rebates, refunds, or unearned discounts whether in the form of money or otherwise or extend to certain purchasers special services or privileges not extended to all purchasers.

#### ARTICLE VIII—TRADE PRACTICES

SECTION 1. No member of the Industry shall give, permit to be given, or directly offer to give, anything of value for the purpose of influencing or rewarding the action of any employee, agent, or representative of another in relation to the business of the employer of such employee, the principal of such agent or the represented party, without the knowledge of such employer, principal or party. Commercial bribery provisions shall not be construed to prohibit free and general distribution of articles commonly used for advertising

except so far as such articles are actually used for commercial bribery as hereinabove defined.

SECTION 2. No member of the Industry shall engage in any misrepresentation concerning industry products—direct or implied.

SECTION 3. No member of the Industry shall make an invoice or contract for industry products which is a false record of a transaction.

SECTION 4. No member of the Industry shall induce or attempt to induce the cancellation of an order for industry products or the breach of a contract between a competitor and his customer or distributor.

SECTION 5. The following practices constitute unfair methods of competition for members of the Industry and are prohibited.

(a) *Defamation*.—The defamation of a competitor by falsely imputing to him dishonorable business conduct, inability to perform contracts, questionable credit standing, or by other false representations regarding his business conduct, or by the false disparagement of the grade or quality of his goods.

(b) *Threats of Litigation*.—The publishing or circularizing of threats of suits for infringement of patents or trade marks or of any other legal proceedings not in good faith, with the tendency or effect of harassing competitors or intimidating their customers.

(c) *Espionage of Competitors*.—Securing confidential information concerning the business of a competitor by a false or misleading statement or representation, by a false impersonation of one in authority, by bribery, or by any other unfair methods.

SECTION 6. *Other Unfair Practices*.—Nothing in this Code shall limit the effect of any adjudication by the Courts or holding by the Federal Trade Commission on complaint, finding, and order that any practice or method is unfair, providing that such adjudication or holding is not inconsistent with any provision of the Act or of this Code.

## ARTICLE IX—GENERAL

SECTION 1. No provision of this Code shall be so applied as to permit monopolies or monopolistic practices, or to eliminate, oppress, or discriminate against small enterprises.

SECTION 2. Corporations shall be considered to be affiliated with any corporate member of the Industry (herein described as the "parent corporation") which own a majority of the outstanding voting capital stock of the other. In the event of the provisions of Article VII being observed by any such affiliated corporation of such parent corporation, then the parent corporation need not comply with the requirements of Article VII in respect to prices, terms, and conditions of sale where such sales are made to such affiliated corporation.

SECTION 3. Articles VII and XI shall not apply to products exported from the United States.

SECTION 4. Nothing contained in this Code shall be construed as prohibiting any member of the Industry from exercising all its lawful patent rights, or as requiring any member of the Industry to do any act in conflict with the terms of any valid patent licensing agreement.

## ARTICLE X—MODIFICATION

SECTION 1. This Code and all the provisions thereof are expressly made subject to the right of the President, in accordance with the provisions of subsection (b) of Section 10 of the Act, from time to time to cancel or modify any order, approval, license, rule or regulation issued under Title I of said Act.

SECTION 2. This Code, except as to provisions required by the Act, may be modified on the basis of experience or changes in circumstances, such modifications to be based upon application to the Administrator and such notice and hearing as he shall specify, and to become effective on approval of the President.

SECTION 3. The provisions of this Code shall remain in effect unless and until so modified or eliminated, or until the expiration of the Act namely June 16, 1935, or sooner if the President shall by proclamation or Congress by joint resolution declare the emergency recognized by Section 1, Title I of the Act ended.

## ARTICLE XI—SELLING BELOW COST

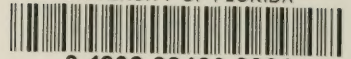
SECTION 1. It shall constitute a violation of this Code for any member of the Industry to sell any industry products at less than his allowable costs, except to meet the competition of another member of the Industry.

SECTION 2. Allowable costs shall include all direct labor cost, direct raw material cost (inclusive of transportation and shrinkage) and a proportionate share of all indirect expenses, inclusive of depreciation and depletion allowances computed according to income tax procedure; but allowable costs shall not include return on invested capital, interest on borrowed capital, developmental expense, selling expense nor administrative expense.

## ARTICLE XII—SELLING BELOW REASONABLE COST

SECTION 1. When the Code Authority determines that an emergency exists in this Industry and that the cause thereof is destructive price-cutting such as to render ineffective or seriously endanger the maintenance of the provisions of this Code, the Code Authority may cause to be determined the lowest reasonable cost of the products of this Industry, such determination to be subject to such notice and hearing as the Administrator may require. The Administrator may approve, disapprove, or modify the determination. Thereafter, during the period of the emergency, it shall be an unfair trade practice for any member of the Industry to sell or offer to sell any products of the Industry for which the lowest reasonable cost has been determined at such prices or upon such terms or conditions of sale that the buyer will pay less therefor than the lowest reasonable cost of such products.

SECTION 2. When it appears that conditions have changed, the Code Authority, upon its own initiative or upon the request of any interested party, shall cause the determination to be reviewed.



## ARTICLE XIII—PRICE INCREASES

SECTION 1. Whereas the policy of the Act to increase real purchasing power will be made more difficult of consummation if prices of goods and services increase as rapidly as wages, it is recognized that price increases except such as may be required to meet individual cost should be delayed. But when made such increases should, so far as possible, be limited to actual additional increases in the seller's costs.

## ARTICLE XIV—EFFECTIVE DATE

SECTION 1. This Code shall become effective on the second Monday after its approval by the President.

Approved Code No. 375.

Registry No. 1036-05.

